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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

November 14, 2002

Honorable George A. Omas
Chairman
Postal Rate Commission
1333 H Street, N.W.
Washington, D.C. 20268-0001

Dear Chairman Omas:

On October 15, 2002, Consumer Action (CA), a non-profit consumer organization, requested the Commission to initiate a proceeding to investigate representations concerning several services being offered to the public that the Postal Service considers "non-postal." The Commission's Office of the Consumer Advocate (OCA) joined CA's petition. CA and the OCA state that the services have not been lawfully recommended by the Commission and established by the Governors, in accordance with the Postal Reorganization Act. They ask, inter alia, that the Commission hold hearings, and declare whether the services must first be recommended by the Commission, because they are "postal." If so, they ask the Commission to conduct further proceedings to consider establishing appropriate mail classifications and rates. For services not found to be postal, the petition asks that the Commission develop rules requiring the Postal Service to provide detailed accounting and other data.

CA and the OCA identify fourteen products or service features that they state have questionable status under the Act. Beyond the legal status of these services, CA and OCA strongly suggest that many of them lose money, and, in effect, that they are being subsidized by revenues from existing mail services.

The Board of Governors takes these assertions very seriously. In particular, we regard with utmost concern the suggestion that the Postal Service might have failed to comply with a clear obligation to seek the Commission's guidance, or to request recommendations for the services listed in the petition.

The Postal Service is currently undertaking an internal evaluation of its non-postal service offerings. This review had origins prior to the filing of the Consumer Action petition. The results of this review will also bear substantially on the representations in the petition.

I strongly hope that the Commission will afford the Postal Service an opportunity to comment on the issues raised by the petition, prior to the Commission responding to the request for a formal proceeding. I also hope that the Postal Service would be able to complete the internal review before it must submit comments.

Accordingly, I respectfully request that the Commission defer action on the petition during our consideration of the matters raised by the petition. I anticipate that we will be able to complete the review by early January of next year. Depending on how the Commission determines to proceed, the Postal Service may then comment on the issues raised by the petition. Until then, I believe that our mutual interests would be best served if the Commission does not take the extraordinary measure of initiating a classification proceeding to investigate the assertions in the petition.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert F. Rider". The signature is fluid and cursive, with the first name "Robert" and last name "Rider" clearly distinguishable.

Robert F. Rider
Chairman